

October 13, 2011

Dennis M. Walcott
Chancellor
New York City Department of Education
52 Chambers Street
New York, New York 10007

Dear Chancellor Walcott,

I am writing to express my deep concern about the Department of Education's (DOE) handling of Medicaid reimbursements for special education services in our schools, which I believe is costing City taxpayers hundreds of millions of dollars a year. At a time when schools across the city are suffering under the weight of recent budget cuts, it is deeply distressing to learn that the City is paying for services that could and should qualify for federal reimbursements. I am equally troubled by reports to my office about DOE's discombobulated rollout of the Special Education Supports Information System (SEIS) -- which plays a central role in DOE's special education reforms -- suggesting that the system is interfering with school staff members' ability to provide necessary services to students with special needs.

As I am sure you know, federal Medicaid payments have been available since the late 1980s to help school districts cover the costs of Occupational Therapy (OT), Physical Therapy (PT), and speech services through the School Supportive Health Services Program (SSHSP). Records show that New York City has simply failed for years to apply in an organized fashion for these funds, citing onerous paper-work requirements, and has chosen instead to cover the bulk of all costs with local tax revenues. That is a tragic and unnecessary waste of City tax dollars, especially at a time of shrinking school budgets.

Figures provided to my office from the New York State Office of Medicaid Inspector General shows that from September 2004 through February 2010, the DOE failed to collect a single dollar in SSHSP reimbursements for OT, PT or speech therapy services. During the same period, the City of Buffalo -- with 47,000 students, or 23 times fewer students than New York -- received \$34.2 million in SSHSP reimbursements in those same three categories. That was just a small fraction of the \$558 million in SSHSP claims paid out to other, much smaller school districts across the state, all of which managed to successfully navigate the reimbursement process.

A recent letter from the New York State Department of Health, dated Sept. 6, 2011, to the New York City Department of Education makes clear the depth of deficiency in the DOE's handling of SSHSP claims, and suggests that the DOE is still wasting a huge opportunity to receive millions of dollars in federal reimbursements. The letter states that DOE's claim form for speech therapy reimbursements "does not contain all the required components of a written order/written referral...and must, therefore, be revised." Specifically, the claim form does not include basic information about the student's diagnosis, the provider's contact information, or the time period for which the services are being ordered. The letter continues: "Complete written orders/referrals must be in place prior to the delivery and billing of Medicaid reimbursable services. Only written orders/referrals that meet the requirements under SPA #09-61 are acceptable for services furnished on or after September 1, 2009."

What I find especially distressing is that the failure to adequately manage Medicaid claims is not a new problem for the DOE. A 2005 audit by the U.S. Department of Health and Human Services Office of Inspector General -- "Review of Medicaid Speech Claims Made by the New York City Department of Education" (A-02-02-01029) -- uncovered a range of inadequacies. The audit found that 86% of the City's claims did not comply with federal and state requirements, and 68% contained more than one deficiency. It cost the DOE \$100 million to settle those claims in 2009.

I request answers to the following questions, by way of confirmation:

- I. Has the Department at this point revised its claim form for speech therapy reimbursements, as demanded by the state Department of Health in its letter of Sept. 6? If so, please provide a copy.
- II. Who is the point person at the NYC DOE responsible for coordinating Medicaid reimbursement activities?
- III. What steps have been taken to identify immediate technology solutions to help collect the documentation required to apply for Medicaid reimbursements?

I am equally troubled by a related problem -- namely, the DOE's haphazard rollout of the Special Education Supports Information System (SESIS), the system that the DOE implemented in 2009 to track services for students with disabilities more efficiently. I fully support the concept of moving to an online system. But reports to my office suggest that poor design and inadequate bandwidth in many schools have created an unduly confusing and burdensome system -- one that it is interfering with staff members' ability to provide necessary services to students with special needs.

One aspect of the system -- a requirement that documents need to be faxed into SESIS "in order to move forward in the workflow," as the DOE's own PowerPoint briefing to teachers makes clear -- raises obvious questions. At a time when many schools don't even maintain fax machines or the dedicated phone lines they require, such an approach seems out of sync with today's integrated, digital world.

Many providers say their ability to provide students with services they require has become increasingly difficult, as they struggle to navigate SESIS without adequate information, tools and resources from the DOE. Deadlines for providers to input student attendance data into SESIS, which would enable the DOE to submit claims for Medicaid reimbursement, have heightened a broad range of problems that providers have drawn attention to in recent months.

Let me offer the following observations, and request answers to the following questions:

1. Many service providers say they have not received adequate training on SESIS and, as a result, are spending countless hours trying to figure out how to navigate the system. Are there any plans to offer face-to-face training sessions with an opportunity to use the system in a training environment?
2. Not all providers have consistent access to computers in their schools. How can the department move to an online system when teachers are not provided sufficient tools to do so?
3. Providers working in schools with antiquated broadband service report spending excessive amounts of time waiting for web pages to refresh each time they enter a new piece of student data into SESIS. I understand that technology upgrades are part of DOE's long-term capital plan. However, what is being done to address this specific technology gap?
4. Providers' access to fax machines -- a critical component of SESIS data entry -- varies from school to school. Some schools do not have dedicated phone lines for fax machines, and some do not have fax machines at all. Related problems of access to fax machine supplies, including ink, printers and paper, exist as well. How is the DOE addressing this situation?

Additional concerns have surfaced about issues related to student confidentiality and SESIS, including that:

- A. Within schools, access to SESIS is not restricted in any truly meaningful way, so numerous school staff members have the ability to look at and, in theory, alter student records. What is being done to protect student confidentiality?
- B. It appears that staff does not have enough time in the workday to complete all of these tasks (considering the computer problems previously mentioned). How does the DOE plan to provide adequate time in the workday so that teaching professionals can complete these SESIS-related tasks.

By all accounts, it appears that service providers have been backed into a corner where they are forced to spend unnecessary time and energy on rectifying problems related to SESIS rather than working with children to address their needs. The human toll this is taking on the City's learning professionals cannot be understated -- many report high levels of stress and frustration over a system that was supposed to make focusing on students easier, not harder. We ask a lot of our special education teachers, therapists paraprofessionals and other staffers who work with students with disabilities, who every day confront some of society's steepest educational challenges. At the very least, we

should give them the tools that they need to do their job in a professional and efficient manner.

In conclusion, there is no excuse for neglecting to pursue hundreds of millions of dollars in potential federal reimbursements to which we are entitled, especially at a time when City schools are being forced to absorb deep cuts that directly impact students. The City has had years to address these problems. It is time for the DOE to fix its Medicaid reimbursement system so that it works for teachers, students and taxpayers.

I look forward to your responses to these questions.

Sincerely,

Scott M. Stringer